

Current business challenges for state vendors:

- The process for registering to do business in Washington State is totally separate from the process for registering to do business with Washington state
- The process for registering to receive notification of bid opportunities is totally separate from the process for registering for payment
- Vendors are often required to register for payment with each separate agency they do business with
- Vendors must update their registrations at multiple agencies whenever their location or contact data changes
- Having multiple points of contact with the state is confusing
- Payment may be delayed to new vendors, since payment registration information may not even be requested until after an agency receives the first invoice
- Vendors have no consistent and reliable way to communicate with the state about registration or payment issues
- Vendors that register for EFT as their preferred method of payment often continue to receive warrants from some agencies
- Vendors lack self-service capability to update their payment information directly (e.g. payment addresses, contacts, and bank account data)
- The current registration processes do not establish the level of authentication/ trust that would enable expanded electronic commerce such as submission of bids, proposals, grant applications, signed contracts, and payment requests
- Organizations interested in applying for state subgrants are not currently able to register to receive notification of grant opportunities

Current business challenges for agencies and the state:

- No official source of enterprise data about the state's vendors
- Purchasers do not have access to the vendor files used by accounts payable, and the vendor ID is not identified on purchasing documents
- No consistent, reliable way to communicate with the state's vendors
- It is difficult and expensive to compile enterprise data that will support strategic sourcing decisions (because of different naming conventions and data formats and lack of a common vendor identifier among the various payment systems)
- The state cannot definitively report how much business it does with any particular vendor
- The same vendors are often registered under many ID numbers, making it difficult to manage information about vendor activity, status, and performance across agencies
- Increased risk of fraud due to ineffective internal controls at some small agencies and decentralized vendor maintenance locations
- Redundant data maintenance effort to add and update data about the same vendors in multiple files
- Vendor updates may not go to all the places they need to, resulting in inconsistent and outdated vendor address and contact data in some files
- Vendor TIN and company name are not usually validated with the IRS to ensure accuracy of the data, and erroneous TIN numbers add complexity to the 1099

process (note: DOT validates TINs before registering vendors in TRAINS; OFM validates TIN data at year end as part of the 1099 process)

- W9 information is not consistently collected for agency vendors when required by IRS regulations
- Vendor issues such as garnishments, backup withholding, debarment, levies and Office of Foreign Assets Control (OFAC) economic sanctions must be handled by each agency; managing these issues at the state enterprise level would allow the state to adopt and enforce policy and business rules
- Socio-economic issues such as minority and women business enterprises and environmental standards must be handled by each agency; agencies do not have access to official MWBE certification status records
- Difficult to communicate with vendors that have multiple locations because AFRS does not identify the vendor's corporate address
- Vendor data is complex; companies sometimes merge or update their business name or TIN, and often have multiple remittance addresses under various 'doing business as' names; payments sent to the wrong address may not be credited to the correct account
- Interfacing payment systems are not always able to select the correct vendor remittance address
- Current vendor record does not include a field for the state's Uniform Business Identifier (UBI) code, as may be required by SAAM 70.60:¹
 - SAAM 70.60.30: Any agency information system designed to process data relating to business entities, as defined in Subsection 70.60.20, shall carry the UBI as part of the agency's record for each business entity.
 - SAAM 70.60.50: The provisions of this section are applicable to and binding to all agencies that regulate, register, or license business entities in the state of Washington. “
- Foreign vendors with no US tax ID often have complex tax reporting and backup withholding requirements, that vary according to the United State's treaty with the foreign country
- Other than Canadian vendors with US tax IDs, foreign vendors must register with each agency they do business with rather than as statewide vendors

¹ A Unified Business Identifier (UBI) number is a nine-digit number linking a business to the Department of Revenue, the Department of Licensing, and the Office of the Secretary of State and, if the business has employees, the Departments of Employment Security and Labor and Industries. The number has accumulated several different names throughout the years. You may see or hear it referred to as a "registration number", "DOR reporting number", "tax registration account number," or "resale number."

RCW 82.12.020 (Use Tax Imposed) indicates that virtually anything provided for use or service shall be taxed. Vendors are responsible for registering with the Department of Revenue and for collecting the appropriate tax.

Generally, out-of-state businesses with activities in Washington are required to register with the Department of Revenue. Please refer to [WAC 458-20-193](#) for more detailed information.

Sellers of goods and services in the state must register to with DOR. Based on state law and WAC, vendors must apparently have a UBI to contract for providing goods or services in the state. The UBI is used by several other agencies as well. Therefore it seems prudent to include the UBI as a required item in a vendor registration approach.

- State systems do not support collection and payment of backup withholding, as required by IRS regulation for certain US and foreign vendors
- Agencies incur a higher cost per payment if they elect to use their agency vendor record to pay a statewide vendor that signed up for EFT payments
- Some vendor payment locations insist on being paid by warrant, even if the company has registered for payment by EFT
- The state lacks the capability to communicate with potential subgrant applicants and manage them as a group